

# The AMERICAN OBSERVER

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*



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AUGUST 30, 1933

## Racketeering Under N. R. A. Is Possible

**Schemes Designed to Circumvent Provisions of Recovery Codes Already Uncovered**

**SIMILAR TO OTHER RACKETS**

**Causes of and Remedies for Racketeering in the U. S. Are Suggested**

By Richard W. Hogue

A new menace, or rather a new manifestation of an old menace, threatens the successful operation of the Industrial Recovery Act. In New York it has been discovered that certain lawyers have instituted a racket in connection with the Home Loan Act. By capitalizing the desire of home owners to save their homes, they secure fees for special advice which is neither necessary nor helpful. Among certain industries that come under the industrial codes there are signs of schemes for outwitting or injuring competitors through covert subterfuges or circumvention of code agreements. Secret rebates and hidden commissions are among the threatened forms of racketeering against which General Johnson issued his recent warning.

Just what is racketeering? Originally a racket signified nothing more than an occupation. To ask a man "What is your racket?" was merely to inquire how he made his living. Gradually it assumed a less simple and more sinister meaning, implying first an irregular, then an illicit, and finally an illegal trade. In general terms it covers a very large number of practices.

### The Business Racketeer

Racketeering has found its most profitable field of operation in business and industry. It is chiefly to that field that public attention and governmental activity are being directed. How does it operate there? Take the laundry business, for instance. A laundry owner is approached by an astutely friendly individual and asked if he would like to increase his business. He is told that this can be done by compelling a certain competitor to stop price cutting or by forcing him out of business. He holds out the promise of larger profits by taking this competitor's customers by one means or another. Whatever the job requires he agrees to do—for a price, frequently a regular commission on profits. He makes the same proposition to other laundry owners or managers. Then he proceeds to deal with those who will not meet his terms or whose business it is agreed must be destroyed. How does he go about this? His first method is that of sabotage. He secures employment in the doomed laundry for one of his gang. Before the sudden disappearance of this agent costly machinery is wrecked or a large quantity of laundry is destroyed by acid. It was by the second method that the Coöperative Laundry was put out of business in New York. If this does not work the place is wrecked by a bomb. The impression made on the owners of other laundries is then capitalized. Under the threat of the same destruction they agree to pay regular tribute in return for being unmolested.

These trade rackets, on a smaller or (Concluded on page 7, column 1)



—Chase in Emporia GAZETTE

"YOU'RE IN THE ARMY NOW"

## The Trend for the Future

We are passing through what may well be referred to in the future as "The Revolution of 1933." There has been an absence of bloodshed and turmoil, but it is none the less true that our social and economic system is in process of complete reorganization. We are in the transitional stage between an uncompromisingly individualistic and a more nearly coöperative society. Those who yearn for a return of the old days, yearn in vain. They are gone irrevocably and permanently. The fact of this is so stupendous, so difficult of comprehension that many of us have not yet realized our new situation. Perhaps had there been a real, physical revolution we would have been more impressed. Had the change not come so easily and quietly we would probably have been better equipped, mentally, to appreciate what is surely in store for us. We must, therefore, make a double effort to comprehend the trend of events now set in motion. We must understand that labor is fast assuming a position of partnership with industry. The benefits which will accrue in the future will be in the form of higher wages and better working and living conditions rather than in large dividends and profits to the owners. We cannot longer exist under a top-heavy economic structure in which the greatest share of the returns from industry passes into the hands of a minority. Recent code hearings in Washington have furnished evidence that numerous employers are still under the painful delusion that they can continue the old system in a slightly modified form. The extreme reluctance of the steel, oil and lumber magnates to accept codes satisfactory to the government stands as eloquent proof of their stupidity and shortsightedness. They have apparently not yet awakened to the fact that "they're in the army now" and that they must accept the jurisdiction of the government. For many employers, of course, and particularly for the smaller ones who have barely been able to survive four years of depression, it is not easy to increase wages and shorten working hours. The N. R. A. is cognizant of this fact and is trying to make their burden supportable. But the trend is inescapable. Employers must heed the warning and prepare to share with their employees if they are to avoid even greater catastrophe than they have experienced in the past.

## International Arms Control Plan Pushed

**Various Proposals Likely to Be Considered at October Session of Disarmament Parley**

**MANY OBSTACLES STAND IN WAY**

**Private Manufacturers of Munitions Seek to Thwart Control Efforts**

"In at least two, and possibly three, international conflicts during the past year the efforts of peace agencies have been hampered by the activities of armament manufacturers. For example, while the League of Nations and a committee of neutrals in Washington were striving to terminate the conflict between Bolivia and Paraguay, European and American armament firms were furnishing virtually all the war materials used by both belligerents in the Chaco hostilities. In the Leticia dispute between Colombia and Peru the efforts of the League were also obstructed by shipments of war materials from four or five of the large arms producing countries."

Thus William T. Stone, of the Foreign Policy Association, points to one of the evils of unrestricted trade in armaments. The paragraph we have quoted is introductory to his discussion of "International Traffic in Arms and Ammunition," *Foreign Policy Reports*, August 16. This report deals fully and systematically with the arms export problem. It furnishes figures as to the extent of international trade in armaments. It describes the armament industries of the chief exporting nations, describes the influence exerted by the ammunition makers on legislation and reviews the efforts, thus far unsuccessful, to bring about effective regulation of the traffic.

### World Armament Trade

A very extensive trade among nations is carried on in armaments. Between 1921 and 1930 the total value of arms exports came to more than \$600,000,000. More than half of all arms and ammunitions exported during this period were shipped from three countries, Great Britain, France and the United States. Other exporters of arms, in the order named, were Czechoslovakia, Sweden, Italy, the Netherlands, Belgium, Denmark and Japan.

Since the war Great Britain's lead has been wide. British preëminence in the export of arms is due largely to the fact that British firms have a virtual monopoly in the supply of arms to all the colonies and dominions with the exception of Canada. British exports have also found a ready market in Japan, China and the South American countries. The South American demand has been active for four or five years on account of wars and rumors of wars in the southern hemisphere. And Japan and China have been good customers since the outbreak of hostilities between these two eastern nations.

During the last decade or so France has ranked next to Great Britain as an arms exporter. Shortly after the war the French sold great stores of arms and munitions to their recent allies. Since then Belgium, Rumania and Poland have been good customers, while the South American countries have depended upon French as well as British sources of supply.



The next largest exporter of armaments is the United States. The best customer of the American armament firms is Canada. Other purchasers of large quantities of American made munitions are Mexico and the Central American countries. Several South American countries have also given good orders. Japan and China have not bought much from American firms, due chiefly to the higher prices which prevail in this country.

#### Nature of the Industry

In describing the nature and extent of the armament manufacturing industry, Mr. Stone's report declares:

Hundreds of millions of dollars are spent annually on war materials. In 1930 the total cost of maintaining the armies and navies of the world amounted to \$4,500,000,000, a large proportion of which was used for the purchase or manufacture of armaments. Approximately 15 per cent of army budgets, and 40 to 50 per cent of naval and air budgets are spent on arms, ammunition and fighting material.

War materials used by the armed forces come from three separate sources: (1) factories owned by the state, such as military arsenals and naval dockyards; (2) factories subsidized by the state or under state control or supervision; (3) private firms engaged in whole or in part in the manufacture of arms, ammunition and instruments of war. Of these three sources, private firms are without doubt the most important. In 1932 a subcommittee of the Disarmament Conference sent a questionnaire to all governments asking for the number of state-owned, state-subsidized and private firms engaged in the production of war materials. Replies were received from 40 countries. According to these replies, 25 countries maintain state-owned arsenals or dockyards for the manufacture of some type of war material. Not more than three or four of these countries own state factories with adequate facilities for large-scale production of all types of heavy ordnance, naval vessels and ammunition for artillery. Great Britain, the United States, France, and possibly the Soviet Union operate such state factories; yet even these countries, with the exception of the Soviet Union, rely on private industry for much of this material. All other countries depend almost entirely on private industry, or imports from abroad.

Of the 40 governments replying to the questionnaire, only half have private arms factories or subsidized firms within their borders. In not more than four or five of these countries are private industries large enough to produce modern weapons of all kinds. This means that the great majority of countries are dependent not only on private industry for the production of armaments, but on the private industry of four or five great industrial states.

#### Private Arms Makers

The armament industry in Great Britain and in France is centralized. There is one very large firm in England, Vickers-Armstrong, which controls the greater part of the industry. Vickers has very close relations to the British government. The chairman of the company is a former chief of staff of the British army. The French industry is also centralized, the most powerful concern being a combination known as *Comité des Forges*. The heads of this company are very influential in French politics.



THE ARMY STILL MARCHES

—Fitzpatrick in St. Louis POST-DISPATCH

In the United States the industry is not centralized. There are a large number of relatively small concerns manufacturing arms and ammunition. The War Department has surveyed the facilities of 15,000 plants and factories throughout the country and is keeping in close touch with them so that they may be called upon in time of war. There are, however, certain very large firms engaged in this general work, among them being the Bethlehem Steel Corporation, which manufactures armor plate, and the E. I. du Pont de Nemours Company, known as du Pont, which manufactures explosives. These companies made almost unbelievable profits by sales to the government during the war.

#### Political Influence

It is natural that private companies which make huge profits out of the sale of war supplies should guard their interests very jealously. They do this time after time. They have been on hand when proposals have been made to cut down armaments or to limit international trade in

munitions. In 1927 there was a first-rate scandal in this country when the fact was established that the Bethlehem Steel Corporation and other companies engaged in shipbuilding had paid a professional lobbyist, William B. Shearer, \$25,000 to attend the Geneva Naval Conference. He was paid ostensibly to keep the armament companies informed as to what was going on, but he boasted that he had used his influence to defeat arms limitation and had accomplished that purpose. In 1921 a Temporary Mixed Commission reported these objections to private manufacturing of arms:

1. That armament firms have been active in fomenting war scares. . . .
2. That armament firms have attempted to bribe government officials. . . .
3. That armament firms have disseminated false reports concerning the military and naval programs of various countries in order to stimulate armament expenditures.
4. That armament firms have sought to influence public opinion through the control of newspapers. . . .
5. That armament firms have organized international armament rings through which the

armaments race has been accentuated by playing off one country against another.

There have been a number of attempts to curtail international armament trade, but little progress has been made. When the conference meets again in October it will have before it a plan proposed by France which "provides for quotas within which each country must limit its manufacturing or importation of arms and ammunition. It would prohibit private manufacture except under state supervision or control, and would require all countries to adopt licenses for the manufacture and export of arms." During recent years France, Poland, Denmark and Spain have called for the suppression of arms manufacturing by private concerns while such action has been opposed by the United States, Great Britain, Belgium, Germany, Italy and Japan.

#### Obstacles to Regulation

There are several difficulties in the way of establishing the rule that private business firms shall not manufacture munitions. Companies which manufacture armaments manufacture many other things as well. The du Pont corporation, for example, engages in the manufacture of chemicals, paints, varnishes, rubber goods, cellophane, rayon and many other things as well as explosives. These plants can engage in the peace-time industrial manufacturing in ordinary times. Then when war comes they can turn quickly to the making of explosives and other war supplies. If they should be prevented from making war materials, and if the governments had to depend upon themselves, they would be obliged to maintain at all times huge plants for the manufacture of war supplies, and these plants during most of the time would have to be idle—either that, or else the governments would have to engage in competitive industrial activities.

Another difficulty is that many of the smaller nations do not engage in the making of war materials, at least not at all extensively. They depend upon foreign sources of supply, principally upon munition makers in Great Britain, France, and the United States. If the rule were established that private firms could not manufacture war supplies, and consequently could not engage in international trade, these small countries would be at a disadvantage when war broke out. To defend themselves they might be obliged to enter into the making of munitions even though they do not now engage in that practice.

And a practical obstacle to legislation, either national or international, in this field is that munition makers are very powerful in politics in every country. Frequently they are able to shape governmental policies and to prevent the effective restriction or supervision of the armament industry. It is not strange, therefore, that so little has been accomplished in the checking of trade in munitions, even though the evils involved in this trade are generally recognized.



THE COUNCIL OF THE LEAGUE OF NATIONS IN SESSION AT GENEVA

© Wide World Photos





**NORMAN H. DAVIS**, American ambassador-at-large, will leave in a few days for Europe, where he will confer with officials of various governments before going to the Geneva Disarmament Conference which reconvenes October 16.

Mr. Davis received his final instructions from President Roosevelt a few days ago. The president informed Mr. Davis that this government's attitude has not changed since last spring. It is heartily in accord with the plan originated by Premier MacDonald of Great Britain for the reduction and elimination of offensive weapons, but permitting nations much liberty with respect to defensive armament, such as fortifications. Mr. Roosevelt is also believed to be in favor of the French plan for an international disarmament commission to exercise supervision and control over the armaments of the powers signing a disarmament pact.



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NORMAN H.  
DAVIS

The president, instead of being discouraged over the prospects of disarmament because of war clouds which are gathering over Europe, is encouraged. He believes that the European nations will realize the seriousness of the situation and will be anxious to take effective measures to eradicate any possibility of a war at this time, which might spread chaos throughout Europe.

### Foreign Trade Up

Despite the fact that the United States, as well as most all countries, have adopted policies of economic nationalism, our foreign trade is on the upturn. In 16 countries, widely scattered over the world, American exports for the first six months of this year are decidedly better than last year. Six of these countries are in Latin-America. Further trade improvement in that section is expected as a result of reciprocal trade agreements which are now being concluded between the United States and Latin-American republics.

It took 46 successive months for American foreign trade to stop falling. But in June of this year, \$119,809,000 worth of American goods were sold abroad, or 8 per cent better than in June, 1932. This increase, according to foreign trade estimates, seems to be continuing.

### Auto Output Increased

The automobile industry has climbed out of depression faster than most any other large industry. The output of automobiles has increased 112 per cent over the same period last year. Already, there have been more cars sold this year than for the entire twelve months of 1932.

In spite of this tremendous increase in production, however, the automobile industry has not taken on very many new workers. This factor greatly concerns the N. R. A. officials and clearly indicates to them that working hours must be short in this highly mechanized industry in order that more workers can be employed.

### Chicago's Crime Wave

Chicago's crime problem, which is always a bad one, has become worse. Since January 1, nine policemen have been killed by gangsters. Nearly every day one reads of a startling murder in the World's Fair City. And the wave of kidnapping and racketeering which is sweeping the country, is gaining momentum in Chicago.

A tremendously important step has been taken to combat this crime wave. Chief Justice Prystalski of the criminal court of Cook County, in which Chicago is located, has announced a plan for the speedy trial of all gunmen offenders on the court calendar. Their cases are to be handled immediately. Judges have agreed to work overtime in order that these offenders may be tried without delay. Such a plan is heartily welcomed, as it has long been said that if criminals could be hastily sentenced, without the extended delays and legal loopholes which enable dangerous offenders to escape sentences indefinitely, law enforcement would be an easier matter.

### Cleveland Saves Playgrounds

The school board in Cleveland recently had a difficult decision to make as to whether or not the 52 playgrounds should be closed in order to save much needed money. After long deliberation, the members of the board finally came to the conclusion that the loss to Cleveland would

be far greater by turning thousands of children out on the streets to play than by spending the necessary money to help keep the parks open. Destructive economy never pays in the end.

### For Better Housing

It is estimated on good authority that between 60 and 70 per cent of the population of the United States is improperly housed. Slum districts provide one of the most serious problems now confronting many American cities. Not only are the slums unsightly and dangerous to the health of their inhabitants, but they are often centers of vice and crime. In many cases the residents pay unreasonable rent for meager, filthy lodgings.

A national conference was recently held in Cleveland to determine ways of getting cities throughout the country to demolish their slum districts and to build more healthy living quarters for the masses of people. The conference urged that the various states establish public housing corporations to deal with this problem. It also requested that the federal government assist in this matter by allotting public works funds to municipalities which will take action to abolish slums. As if in answer to this request, a housing division has been created by the Federal Emergency Administration of Public Works. This division will study all housing projects for which loans are asked. It is headed by Robert D. Kohn, former president of the American Institute of Architects.

### 22 to 0

Missouri became the twenty-second state to register its opposition to retention of the eighteenth amendment in the Constitution when it voted 4-1 on August 19 in favor of the twenty-first amendment. Only fourteen more states are needed to do away with national prohibition. Texas was scheduled to vote on August 26 and Washington three days later. Since more than the required fourteen states are scheduled to vote on the new amendment before November 8, it is possible that prohibition will be abolished before the end of the year.

### Correspondents in Russia

The Soviet government has recently applied a new rule with respect to the foreign correspondents residing in Russia which prohibits their visiting certain agricultural sections of the country without obtaining special permission from the foreign office. This new measure constitutes a tightening of the censorship rules which have always governed the dispatching of news from the Soviet Union. The reason for the application of such a drastic measure is said to be the unfavorable conditions which prevail in those agricultural regions where a severe shortage of food is said to prevail.

### Steel, Oil and Lumber

One of the most gigantic tasks of the N. R. A.—that of bringing the basic industries of the nation under special codes of fair competition—was accomplished on August 19 when President Roosevelt signed the codes for the steel, oil and lumber industries. Culminating a week of intense activity, almost as great as his first week in office, the president left for his home in Hyde Park with bituminous coal and automobile manufacturing the only basic industries outside the pale of the N. R. A. General Johnson and other officials of the recovery administration were exerting all possible pressure upon those two industries last week to complete their codes. It is estimated that the three major codes signed will result in the employment of almost half a million additional men.

### The War Is On

The greatest drive this country has seen since the World War begins this week, to put over the administration's recovery drive. Nationally known men and women will lead the army of 1,500,000 volunteers in the coast-to-coast canvass to put a blue eagle in every shop and a consumer's card in every home. More than 100,000,000 pieces of literature will be the ammunition of this vast army. Every block of every city will be covered.

National Recovery Administration headquarters in Washington has sent out com-

plete instructions to the army of workers who will cover the country. Stars of stage and screen will make public appearances and will broadcast appeals to listeners throughout the country. Motion picture theaters in every city, town and hamlet will show short features depicting principal points of the president's program to end the depression. Women of the country have been mobilized through state and county organizations to interview personally every housewife in their communities to place the enormous purchasing power of women solidly behind the N. R. A.

### Irish Blue Shirts

After a number of controversies, the government of the Irish Free State has officially banned the Fascist organization known as the Blue Shirts, under the leadership of General Owen O'Duffy. The Irish Blue Shirt organization had conducted a number of parades in which the members have worn special uniforms. The government's position in outlawing the organization was that the Blue Shirts were attempting to overthrow the government and set up a Fascist dictatorship.

### Who Burned the Reichstag?

Did Nazis or communists set fire to the German Reichstag on February 28? The National Socialist government accuses several communists who are to be tried in the near future for arson. But Romain Rolland, internationally known French author and pacifist, claims that he and others have concrete evidence to prove that members of the Nazi party were responsible for the burning of the Reichstag. The reason for their doing it, says Mr. Rolland, was to throw the blame on communists in order that German public opinion would be behind the Hitler government's campaign to destroy the communist movement.



ROMAIN  
ROLLAND

Therefore, at the same time that the accused communists are being tried in Germany, Mr. Rolland and several others are going to conduct an international inquiry at The Hague, Holland. They expect to prove definitely to the outside world that the communists are innocent and that the whole Reichstag episode was merely a political maneuver to oust the communists.

The German chief federal attorney has asked those who are sponsoring The Hague trial to submit all evidence they have gathered to the German government. Whether this means that the Nazis intend to defend themselves at the trial is not certain.

### Hoover Asked to Testify

A grand jury investigation is now being held in Detroit relative to the large number of bank failures which have occurred in that city. The investigation reached a climax, last week, when former President Hoover was requested to take the witness stand and explain his administration's policy of making loans to one large Detroit bank and not to others.

However, as Mr. Hoover is not under legal obligation to appear before the grand jury investigation, he refused to do so. He replied that he was not well informed on the Detroit situation. These matters, he said, were handled by the Reconstruction Finance Corporation, the Federal Reserve Board and the comptroller of the currency. Therefore, Mr. Hoover advised, if the investigators want the facts they should call in the former officials of these three agencies.

### Aid to Education

The national government is going to come to the aid of education. Notice to this effect has been sent to the governors and to the state relief directors throughout the country.

President Roosevelt's plan is that the government will give financial aid to the 80,000 unemployed teachers, in various parts of the country. This aid will not merely be in the form of gifts, but, in re-

turn, the teachers are to be at the service of local governments to teach in schools which are closed as a result of the depression. The teachers are also to conduct classes of unemployed adults. The state and local governments thereby will get the services of such teachers without cost to the local governments, and the children will profit.

This is deemed a great victory for education, as it had reached a crisis. Reports from one state show that out of approximately 2,000 schools, 178 will not open this fall, depriving a large number of students of educational facilities. And this case is not the exception. School budgets are being slashed in localities in every part of the nation.

"In many rural communities the complete closing of schools virtually means the disintegration of community life for children," Harry L. Hopkins, emergency relief administrator, points out. "No one will ever be able to make up the loss to the children who are deprived of education, for the plastic state of childhood mind comes but once."

### Austria Arms Border

The danger of armed conflict along the Austrian border appeared last week as Chancellor Dollfuss prepared to station 1,000 marksmen in the region. The chancellor's action came in response to the receipt of information that the German Nazis were planning actual raids across the Austrian border in the campaign to force that country into union with Germany. Germany has been waging an intensive campaign for many weeks to encourage Austrian Nazis to rise and overthrow the government of Dr. Dollfuss. The campaign has taken the form of propaganda broadcast over the border by radio and spread by leaflets dropped from airplanes. Chancellor Dollfuss has moved to strengthen himself by appealing to Great Britain, France and Italy for assistance. He has conferred personally with Mussolini and has been assured that Italy will stand determinedly against any Austro-German union.

Britain and France are also ready to oppose Germany to the point of applying sanctions if necessary. The Austrian chancellor has likewise secured the League of Nations loan promised him over a year ago. This loan amounts to about \$47,000,000 and will considerably better Austria's economic plight. In addition the powers are planning to lower their tariff walls against Austrian goods and there is talk of the formation of an economic union between Austria and other central European countries. But Germany appears resolved to push her campaign relentlessly. She holds that Dollfuss does not have the real support of his people and that Nazi sentiment in the country is overwhelming. With both sides so determined there is grave danger of trouble.

### Wheat Stocks at New High

The world's wheat stocks on August 1 were greater than ever before. The total amounted to about 960,000,000 bushels, topping the previous high record by 120,000,000 bushels. Approximately one third of the entire supply was found to be stored in the United States.

This tremendous carry-over depresses the world price of wheat and will continue to do so until world-wide acreage reduction is effected. Hence it is easily understandable why Secretary of Agriculture Wallace has insisted so vigorously on curtailment of production in this country.

### Army Posts

The administration's economy program will soon deal a hard blow to the War Department. President Roosevelt has announced that many of the 350 army posts throughout the country, some of which date back to the Revolution, will be abandoned. It is the president's opinion that many of these posts, although vitally necessary years ago, are no longer essential to the efficiency of the army. He plans to concentrate the majority of the posts into a few major establishments. The secretary of war, George H. Dern, has not expressed himself on the matter, although he is thought to be in agreement with Mr. Roosevelt.



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### Britain and the N. R. A.

What do other nations think of the N. R. A.? What is their reaction to the efforts of the Roosevelt administration to lift the country from the depression by means of regimenting industry? The Manchester *Guardian*, representing the liberal view of Great Britain, has the following comment to make regarding the position of labor under the N. R. A.:

President Roosevelt's labor policy is one of the most interesting aspects of the New Deal. It amounts to creating what the United States has never had, a trade union tradition. The National Industrial Recovery Act lays it down, as an essential clause in every code of fair competition, "that employees shall have the right to organize and bargain collectively through representatives of their own choosing." That principle has never been accepted before. There has been no trade union movement, as we know it in this country. The American Federation of Labor covers only a fraction of the employed workers. Small local unions are common. Sometimes there is acute and even violent competition between them. A few have descended so far as to obliterate the line between trade unionism and racketeering. Many powerful employers, especially in the steel and oil industries, have refused to recognize or negotiate with national unions. Such collective bargaining as they have done has been with company unions, the membership of which has been confined to employees of the company concerned, and which, therefore, have no outside resources to call upon in case of industrial dispute. Often membership of the company union has been a condition of employment and membership of a national union a disqualification.

The fact is that the American business man finds himself confronted with a whole crowd of things which are revolutionary to him, though they are commonplace in this country. He has to acquire in a few months a tradition which has grown up here in the course of a generation. The idea of a collective bargain applying to all the workers of one kind in the country is strange and even terrifying to him; to us it is so naturally accepted that we think the coal owners curiously backward when they refuse to negotiate with the Miners' Federation and insist upon district agreements only.

### The Question of Boycotting

The question of boycotting concerns which do not fly the blue eagle is of primary concern to every American. Should the institutions which fail to fall in line with the rules and regulations of the N. R. A. be made the victims of violence? The New York *Herald-Tribune*, commenting editorially, strongly decries the boycott in the following terms:

Anti-boycott sentiment in the country has shown a healthy and increasing strength in the last few days. The press, on a wide front, has spoken out forcibly against neighborhood manhunting in the name of the blue eagle. A number of prominent individuals have joined the campaign of protest. The few isolated cases of actual violence have been vigorously denounced.



EMERGENCE

—Kirby in N. Y. WORLD-TELEGRAM

The reaction is a highly gratifying testimonial to the good sense of the nation. It should be maintained and strengthened. Moreover, as soon as General Johnson catches his breath he should officially and publicly clarify the situation by himself disavowing and condemning such tactics.

When the general remarked "May God have mercy on the man or group of men who attempt to trifle with this bird," and compared a recalcitrant to Danny Deever, he was issuing an invitation to lynch law. When he added that he was glad "to follow blindly" where the president leads, he was in effect opposing free speech and the whole theory of American government. Such loose talk can scarcely fail to incite the hysterical and rattleheaded to acts of violence.

Since then various clearer and calmer utterances have come out of Washington. But General Johnson owes it to his own self-respect as well as to the success of his effort to make clear beyond all doubt where he and the administration stand. Let him make it so clear that the meanest intelligence can understand that this is still not Russia, that liberty of conscience and the right of intelligent dissent have not been destroyed.

Nothing could more quickly convert N. R. A. into a debacle than the outbreak of a violent and organized boycott against individuals who for one reason or another found it impossible to enlist under the blue eagle. The admirable support which now upholds the President, the sincere cooperation which is his due, would vanish over night.

### Our Treaty with Haiti

There seems to be a quite general feeling that a New Deal in Pan-American relations is in store. Many observers point to the fact that the president wants to create a friendly relationship with all the Latin American nations before the Pan-American Congress at Montevideo in the fall. The latest indication of a change in policy is the negotiation of a new treaty with Haiti by the terms of which the United States agrees to withdraw its marines from the island. The Omaha *World Herald* has the following note of approval to offer:

By withdrawal of Marines, the United States will have taken a long step away from its adventure in dollar diplomacy. The Haitian adventure began in 1915, after four or five years of terror and bloodshed and revolution in the island. The Marines, of course—by methods at which they are expert—brought peace to the island. It has been charged that the bold Smedley Butler, always a picturesque figure and always one who believes in direct action, got the Haitian Senate to ratify a treaty by the expedient of imprisoning the Senators until they signed, but that charge has never been admitted nor proven. However, the Marines restored quiet, Haiti eventually sold a bond issue to this country and the Americans 'supervised' the customs to assure repayment. The formula is familiar. It has not always brought the greatest credit to the United States. Sometimes crimes have been committed in the name of peace and tranquillity. But we're out of Nicaragua now, and we're going to get out of Haiti. The news, on the whole, is good.

### Slum Clearance

Two aspects of the New Deal which, if carried out to any great length, are the rehabilitation of certain farm lands and city slum clearance. The St. Louis *Post-Dispatch* lays stress upon the importance of these two features of the administration program as means of improving the general lot of low-income families.

Not only is the New Deal concerned with the people's economic welfare, but it seeks directly to improve the physical conditions under which they live. The attack upon undesirable living conditions will move in two directions: to transplant surplus city workers to rural homesteads, and to rehabilitate the slum districts now inhabited by many of the laboring population.

For the first purpose, \$25,000,000 is specifically set aside in public works funds under the Recovery Act, which designates that sum "to provide for aiding the redistribution of the over-balanced population in industrial centers." Plans are now under way to undertake this mass movement. To answer the objection that the back-to-the-land movement would result in increasing the agricultural surplus, present plans are for these transplanted unemployed families in most cases to raise only crops for their own needs, doing no commercial farming, while the head of the family does part-time work in a nearby center to obtain the cash needed for other expenses. There are thousands of abandoned farms over the country which can be used in this plan. The whole objective is a decentralization of industry, a removal of marginal workers from congested cities to homesteads where they can make a living.

Slum rehabilitation, to be financed in part from the public works funds, bears the hearty endorsement of the administration. Heading the plans for housing is Robert D. Kohn, noted architect and city planner, who for years has campaigned for slum clearance plans. Mr. Kohn's idea is not for isolated model tenements, nor even for model blocks, but for building them as part of city and regional plans. It has been announced that the government will give preference to housing projects for the lowest income groups.

The two projects for farm homesteads and city housing are bound closely together, and will be administered as a unified whole. Their object is the same—to provide decent living conditions for the lowest income groups. It is the opportunity of a century to exchange the squalid, insanitary dwellings of this group for healthful, pleasant surroundings, with a resultant stimulus to their morale and citizenship.

### The T. V. A.

A recent editorial in the Chattanooga *Times* calls attention to certain aspects of the Tennessee Valley project which is gradually being developed by the federal government. It takes up the question of power transmission and distribution from the Muscle Shoals plant. Says the *Times*:

President Roosevelt has approved plans of the Tennessee Valley Authority to construct a power transmission line from



THE NEW DEAL IN LATIN AMERICA

—Fitzpatrick in St. Louis POST-DISPATCH

Muscle Shoals to the site of the Norris Dam soon to be built. This line will be in reach of cities and towns in the Tennessee River Valley and the dam site, and Chairman Morgan has announced that surplus power will be available to those cities and towns which desire to buy it.

One authority was quoted several weeks ago as saying that the agency did not propose to enter into competition with private power companies. If it doesn't, there will be little demand, if any, for its product on the part of cities and towns. All are well supplied with current, and there would be no point in buying from the Authority unless it sells cheaper.

And any city or community deciding to buy power from the Authority and not already having its own power system, will find itself face to face with the necessity of leasing or purchasing the distribution system serving it or constructing one, and going into the distribution business. Developments in this field may be very interesting.

### Outlook for Public Relief

In spite of the noticeable inroads on unemployment made by the N. R. A. and other features of the recovery program, it is apparent that during the coming winter there will still be a number of American families requiring public relief. The outlook, however, is encouraging, according to the Kansas City *Star*, which sizes up the situation as follows:

If the decline from April to June in the number of American families receiving public relief has been continued to date and is to continue, as expected, until November, the total reduction will be more than 35 per cent. That would be one significant phase of the progress toward recovery. It is conceivable that, if the new employment of workers reaches or approaches the figures contemplated, the reduction may be nearer 50 than 35 per cent.

Such a hopeful view is suggested by the report of the federal emergency relief administrator, showing 3,745,367 families being aided through national, state, and local agencies in April. The decline for the two months was more than 15 per cent. Total relief expenditures declined less than 10 per cent in the period. In federal outlays, the relief administrator expects a smaller reduction in expenditures than in the number of families in forthcoming months, as the government is being called upon to help some states that are lagging in relief work on their own account. But there is an anticipated 5 per cent monthly reduction in number of families through October.

That is less than the average decline through May and June; and the relief administrator seems to be more conservative than the recovery administration as to the volume of reemployment to be expected from the intensive efforts under the blanket and permanent codes in the weeks just ahead. But all mathematical calculations aside, there is genuine ground for hope in what already has happened and in the virtual certainty that approach on another winter will be marked by an upward rather than downward and increasingly depressive movement in employment and in business conditions generally.

Telegraph companies are using the Morse code, pending formulation of a better one. —Washington Post

With Machado gone, Cuba can resume raising sugar and quit raising Cain. —St. Louis POST-DISPATCH

We are afraid of this reforestation idea. Think of the poison ivy pensions future generations may have to pay. —Brunswick PILOT

Employees of laundries are naturally pleased with the way General Johnson has come to the front for white-collar workers. —Dayton DAILY NEWS

Trust men, and they will be true to you; treat them greatly, and they will show themselves great.—Emerson

No, we haven't reached prosperity yet, but we're getting Nira. —St. Louis POST-DISPATCH



## Amazing Fortune of Andrew W. Mellon

Harvey O'Connor, in *Caustic Book, Recounts Life and Times of Former Cabinet Member*

THE name and career of Andrew W. Mellon, secretary of the treasury under three presidents, former ambassador to the Court of St. James, and one of the ten wealthiest men in the United States, have for a number of years been surrounded with profound mystery and bitter controversy. Investigation after investigation has been held with a view to unearthing some of the secrets connected with the Mellon fortune. Time and again the accusation has been made that this financial wizard, in his capacity as secretary of the treasury during the Coolidge and Hoover booms, was more responsible than any other individual for the collapse of 1929 and its subsequent woes. All of which may or may not be true.

It is not necessary to warn the reader of this book—"Mellon's Millions": The Biography of a Fortune. The Life and Times of Andrew W. Mellon, by Harvey O'Connor. (New York: The John Day Company. \$3.)—that Mr. O'Connor has no love for Mr. Mellon. From the very first page the author flays the financial wizard in biting terms. It is perfectly apparent to every reader that he has no sympathy for the business acumen—if that is what you wish to call it—which enabled the Mellon family to amass a fortune estimated at \$2,000,000,000 and to control corporations the total assets of which have been estimated as high as \$10,500,000,000.

Much of this book is devoted to Mr. Mellon as secretary of the treasury. Mr. O'Connor takes up the Mellon taxation plan, which greatly reduced the income taxes on large incomes, showing how it resulted in a great personal saving to the secretary of the treasury and attempting to prove how it led to the financial debacle.

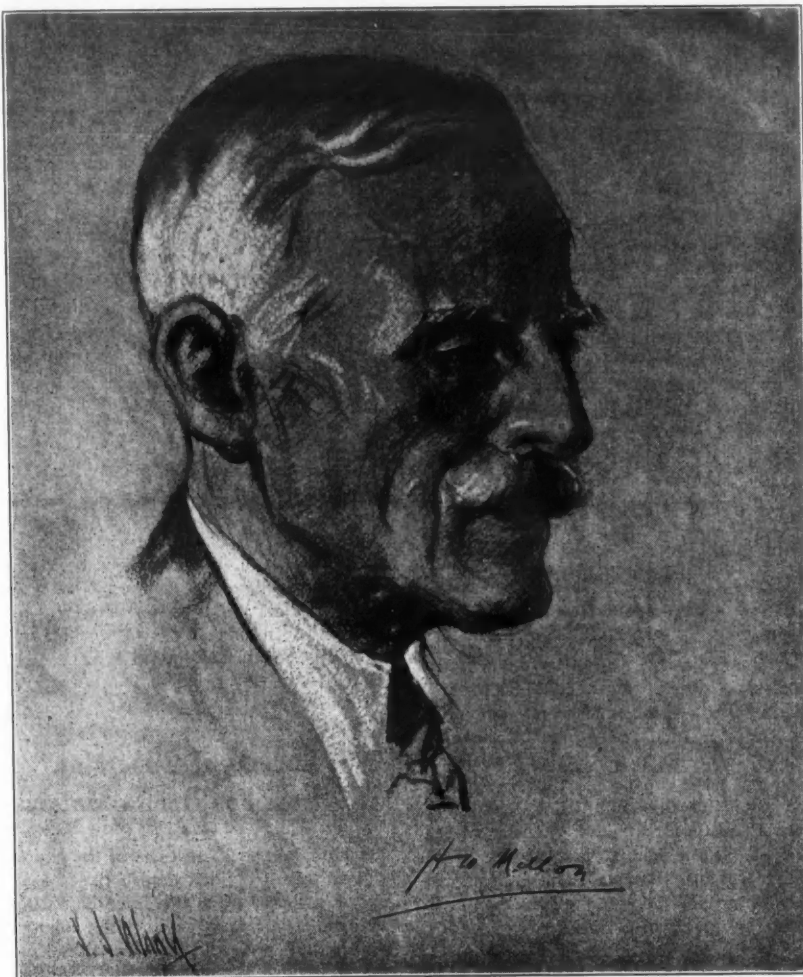
Whatever may be history's ultimate judgment of Mr. Mellon, this book serves as a valuable guide to an era in the history of the United States—the return to normalcy. Mr. Mellon was a product of that period in our history the dominating philosophy of which was uncontrolled and unfettered capitalism.

### A New English Novel

"Livingstones" by Derrick Leon. New York: John Day. \$2.50.

LIVINGSTONES was a fashionable decorating shop in the west end of London. Its proprietor, Reggie Livingstone, was rich, middle-aged and came of good family. His social standing was such that people considered it an honor to have his firm decorate their homes. To be numbered among his clientele was an asset not to be regarded lightly.

Derrick Leon, a new and young British writer, has created Livingstones as the setting for his first novel. He goes behind the austere plate glass windows and scrutinizes the lives of those whom he finds there. He follows them to their various homes to trace the threads of his story. The result is a rich, many-angled pattern which at times is vastly entertaining. The technique is of course not new and has recently been popularized by the book and play "Grand Hotel." But Mr. Leon writes with freshness and gives life to his characters, although occasionally he overburdens his book with details.



ANDREW W. MELLON

From an illustration by S. J. Woolf in "Drawn from Life" (McGraw-Hill)

### From Town to City

"The Rise of the City, 1878-1898" by Arthur Meier Schlesinger. New York: The Macmillan Company. \$4.00.

ALTHOUGH this book is only one of a series of studies dealing with the history of the American people, it may be read with profit as a separate volume by those who are interested in the transformation of the United States from a rural to an urban nation and in the multitudinous social, economic and cultural problems rising from the change. Professor Schlesinger takes up in detail the two decades of the last century—the 80's and 90's—in which the American nation became "citized."

The author of this work, which is highly scholarly in nature, sets out to interpret the changes wrought by these shifts in population. He delves into the educational, religious, artistic and moral aspects of the problem. He draws a striking contrast between the small town in which life was relatively simple, and the surging industrial and commercial centers in which life be-

came increasingly complicated. More important still, he lays strong emphasis upon the effect of this early period of urbanization upon our present-day civilization.

### A Study in Diplomacy

"Metternich" by Algernon Cecil. New York: The Macmillan Company. \$2.75.

THIS study of one of the greatest, if not the greatest, diplomats of the last century deals more with the diplomatic career of Metternich than other aspects of his life. Mr. Cecil points out how the Austrian statesman, after the Congress of Vienna, held all Europe under his thumb for more than thirty years. We follow the diplomat through all the crises connected with the career of Napoleon. We are amazed at Metternich's skill in attaining his ends through diplomacy. More than any other man of the period, he was representative of the conservative diplomacy which ruled Europe between the Napoleonic and World Wars. Mr. Cecil opens new avenues of information on this period of European history.

## FROM CURRENT MAGAZINES

"Autarchy—The New Economic Road," by Stuart Chase, *Scribner's*, September. Mr. Chase's article might well be read with profit by every person who would comprehend the economic revolution through which the world is passing at present. By autarchy, Mr. Chase means economic nationalism or the tendency of each nation to become as economically independent of the rest of the world as possible. In the United States, it is manifested by the entire recovery program of the Roosevelt administration, particularly the N. R. A. Likewise it is to be found in the various economic policies of the Fascist states of Germany and Italy. The "Buy British," "Buy French," "Buy Austrian," and other "Buy Native" campaigns are but indications of the trend.

According to Mr. Chase—and other economists share his belief—this trend toward increased economic nationalism marks the end of that period known in the economic history of the world as *laissez-faire* which accompanied the industrial revolution and was a necessary part of modern capitalism. Whether we like it or not, declares Mr. Chase, we must face the facts and control the economic forces of the nation in such a way as to insure adjustment to conditions and events.

"What Hitler Wants," by Leon Trotsky, *Harper's*, September. Mr. Trotsky discusses various phases of one of the most-talked-of and controversial subjects of the day, Hitlerism. In writing about National Socialism in Germany, the Russian exile is primarily interested in the foreign program of the Nazis. What are the aims and objectives of the present German government with regard to foreign policy? How does Hitler hope to maneuver in order to attain his goal? What are likely to be the consequences of this program to the rest of the world? These are the primary questions with which Mr. Trotsky is concerned in his article.

Mr. Trotsky agrees with many other commentators on German affairs who declare that the primary objective of Hitler's foreign policy, that is, revision of the Versailles Treaty, will inevitably lead to war. But he does not share the belief of those who state that war is likely to come in the near future for the simple reason that Germany has neither the money nor the armaments necessary to wage a war.

"The State Department and the Old Deal," Editorial *The New Republic*, August 23. This editorial calls for an overhauling of the officials of the State Department with a view to naming assistants to Secretary Hull who are more in

sympathy with the general philosophy of President Roosevelt than the men now holding those offices. Some of the present officers responsible for the shaping of policy, it asserts, are unqualified to carry out the general principles of the Roosevelt philosophy since they are more in sympathy with a policy which will protect the interests of the large American companies having financial stakes in foreign countries. "Actually, the solution of our pressing domestic questions," the editorial concludes, "may ultimately depend upon the careful readjustment of our relationships with other countries. This readjustment cannot be undertaken if our State Department is staffed with wooden-minded officials."



FROM THE JACKET DESIGN OF "LIVINGSTONES"



## Mayor of Boston Names Committee to Campaign Against Noise Evil

It is a very common experience for people walking along city streets to have to stop their conversations temporarily because of deafening noises. Perhaps the noises come from rumbling street cars, or from raucous automobile horns, or from penetrating jolts of riveting, or from roaring airplanes, or from screeching automobile brakes, or from rickety-rackety trucks, or from multiple other sources.

Have you ever thought just how many of these noises were inevitable? True enough, the overflowing crowds and jamming traffic, which are typical of present-day city life, are bound to create more noise than would be the case in country regions. But it is a well-known fact among persons who have studied the problem that at least 50 per cent of all city noises could be eliminated if action were taken along this line.

### Boston Takes Action

And action is being taken in some places, notably, Boston. Some time ago Mayor James M. Curley appointed a noise commission to work in coöperation with the City Planning Board to consider the question of the suppression of unnecessary noises in that city. The commission made a thorough investigation, and its report, published by the City Planning Board (30 City Hall, Boston), is contained in a 30-page pamphlet.

First of all the report gives the reasons why Boston is concerned about noises. It was found by the commission that noise has a detrimental effect on the efficiency of workers; makes for increased errors and mistakes, necessitating repetition; is detrimental to the health of citizens; increases the strain of work; increases accidents to workers and these accidents constitute a health hazard; causes decrease in keenness of hearing and often results in deafness; night noises prevent sleep, causing fatigue; frequent irritation caused by noise is not conducive to that "joy of living" which in modern times our citizens are entitled to.

### Suggestions

But what can be done about it? Here is what the report suggests:

(1) That the Registrar of Motor Vehicles be requested to include in the inspection of all motor vehicles consideration of noise production as well as safety; in fact, the report states, old motor vehicles which create excess noises are very apt to be defective in ways that decrease safety.

(2) That trucks should be inspected at frequent intervals to see if they are unduly noisy.

(3) That automobiles, trucks and other motor vehicles should be compelled to use standard types of horns which are not excessively raucous.

(4) That auto cut-outs should be prohibited.

(5) That a campaign of education should be carried on to reduce the use of horns, particularly the sounding of horns to call the attention of persons at a distance, the sounding of horns when caught in a traffic jam or held up by traffic signals and the sounding of horns at intersecting streets instead of slowing down the speed of the vehicle.

(6) That auto associations, truck associations and trucking companies be requested to coöperate in the reduction of noise.

(7) That policemen directing traffic use their whistles only to stop motor operators who have failed to heed traffic signals.

(8) That the excessive noise made by police motorcycles, due to failure to use muffler, be discontinued.

(9) That continued attention

be paid to the reduction of noises which are created by street cars and buses.

(10) That the Association of Milk Dealers should work constantly in the effort to furnish noiseless milk trucks and to urge milkmen to be quiet in their handling of milk bottles.

(11) That city departments supervising ash and garbage collections should be urged to impress upon their employees the necessity of avoiding loud talking, rough handling of cans and noisy driving of their trucks.

(12) That newsboys should not be permitted to shriek out their wares.

(13) That passenger and mail planes should not be routed, unless absolutely necessary, over residential districts.

### Permanent Bureau

These are by no means all the suggestions made in the Boston noise commission report. But they do indicate how thoroughly the problem is being studied in that city. While it will take considerable time to carry out these recommendations, the work is to be started at once. As was requested by the commission, there has been set up in the Sanitary Division of the Boston Health Department a permanent Noise Nuisance Bureau. This bureau will lead the attempt to eliminate useless noises from the streets of Boston.

### TACKLING LEISURE PROBLEM

New York expects to be the nation's laboratory on the proper use of leisure time which is being made available to millions as a result of shorter working hours under the N.R. A. program. A Committee on Use of Leisure Time has been appointed by Grover A. Whalen, New York City chairman of the President's Emergency Reemployment campaign. Mr. Whalen, in appointing the leisure committee, commented as follows:

With hundreds of thousands of workers all over the United States about to experience a sudden shortening of their working week, due to the NRA, giving them in many cases as high as thirty-five additional hours of leisure, the work of this new committee assumes top rank in importance. For instance, a large percentage of garment workers, who have been toiling in sweatshops as high as seventy hours a week, are about to return to work for a maximum of thirty-five hours weekly. What are they going to do with those thirty-five hours saved? In the gasoline field, hundreds of thousands of men will be putting in not more than forty-eight hours instead of from sixty to seventy-two a week.

Think of the countless small shops throughout the country in which salesmen and women

have been putting in from fifty-four to sixty hours, who now will work no more than forty. Multiply these few illustrations by thousands and you begin to see the enormity of this problem of how we Americans are to use our new-found leisure.

The leisure committee is composed of some of New York's most prominent citizens, including John W. Davis, once Democratic nominee for the presidency. Not only are these men to tackle the problem as it confronts New York City, but they are also to work out plans which can be employed in every city, town and village in the United States.

This is not the first time that the question of leisure has come to the fore. In fact, throughout our history, every time a movement has begun to shorten working hours, people have had to readjust their ways of living accordingly. They have had to adopt new hobbies and avocations. They have had to be educated over again, in order that they could derive the fullest enjoyment out of their additional free time. Such a campaign of education is working up momentum at the present time and the program of the New York Committee will no doubt be closely followed by persons interested in this problem in all parts of the country.

## U. S. Bureau of Education Supplies Health Material

One of the many functions of the United States Bureau of Education in the nation's capital is to supply health material to students and teachers throughout the country. The following letter from a midwestern city is typical of thousands of other letters which have been received by the Office of Education.

U. S. Bureau of Education,  
Washington, D. C.

Dear Sir: I would like to have a list of food suitable for a girl of my age. I am ten years old. I like to be healthy.

Your school friend,  
G. J.

This little girl wrote to the right place, as the Office of Education, upon request, furnishes pamphlets on all phases of health. Many of these pamphlets are free of charge, but at most the cost does not exceed ten cents each. Here are just a few health subjects which are available in pamphlet form at the Office of Education: "The Lunch Hour at School," "Milk and Our School Children," "What Every Teacher Should Know About the Physical Condition of Her Pupils," "Better Teeth," "Physical Education," "Games and Equipment for Small Rural Schools."

Moreover, an excellent review of research and activity of the last two years in school health can be had, free of charge, by writing to the Office of Education.

## Minneapolis Group Studies City Budget

### Questionnaire Sent to Department Heads to Check on Activities

In each city there is only a small minority of people who know how the money which they pay in taxes is spent. They know that some goes for education, some for parks, some for street construction and so on. But they do not have any idea as to how much is allotted for each item. Therefore, it is difficult for those who are well informed along this line to bring pressure to bear for the elimination or curtailment of services which are not essential. For the same reason, it is equally difficult to arouse public opinion against the elimination or curtailment of services which are extremely essential to the welfare of the community, and in the case of education, to the nation at large.

A movement has started in Minneapolis, Minnesota, however, to obtain more intelligent and widespread interest in the city budget for the coming year. Early in May, 54 civic organizations formed the Minnesota Taxpayers Association. A council was created from representatives of the various organizations. This council made out the following questionnaire and submitted it to the heads of each department of the city government:

(1) List the appropriations under which your department operated in 1929, 1932 and 1933. (2) What services were *eliminated* between June, 1929, and June, 1933? (3) What services have you *curtailed* between June, 1929, and June, 1933? (4) What services would you eliminate or curtail if compelled to further reduce? Please state in order of preference. (5) State number of persons employed in your department in June, 1929, June, 1932, June, 1933. (6) If the number in June, 1933, is less than a prior year, state the general nature of positions abolished and the number in each. (7) If the above shows a reduction, state the general effect. Was it accomplished by eliminating or curtailing service, or by changes which secured more work from fewer people? (8) What per cent change in pay scales pertained in your department from June, 1929, to June, 1932? From June, 1932, to June, 1933? (9) Are any other changes imminent in 1933? (10) What conclusions do you care to offer as to the effect of the reduced cost under which your department is now operating?

The heads of the various departments are arranging to appear before the council in order to answer these questions and also to tell why they need the amounts of money they have requested in their next year's budgets.

### GANDHI RELEASED

British authorities in India, ordered, last week, the unconditional release of Mahatma Gandhi who three weeks ago was sentenced to a year's imprisonment for fomenting a new civil disobedience campaign. In protest against his arrest the Indian leader began a hunger strike. During the course of his first week's fast he weakened rapidly and doctors reported that minor complications had set in. Just when his condition threatened to become dangerous the British authorities yielded and released the Mahatma. Evidently they feared the turmoil which would overrun India were the Mahatma to die in prison.

This is the second time within a year that Gandhi has won a victory over the British government by resorting to the hunger strike. Last spring he went without food for twenty-one days to secure better treatment of Untouchables.



© Ewing Galloway

COMMONWEALTH AVENUE, ONE OF THE PRINCIPAL RESIDENTIAL STREETS IN BOSTON



## Racketeering Under N. R. A. Seen Possible

(Concluded from page 1)

larger scale and with varying methods of extorting tribute, exist in all of our large cities. It has been estimated that they take a total annual toll of over two billion dollars. They exist in the labor field, where their services are forced upon or sold to union against non-union labor and to non-union employers against organized labor. Sometimes the agents of the racketeers obtain membership cards and enter labor locals where they secure information, create disruption, instigate violence or use bribery. They manage to be either paid by employers or to have their "protection" bought by labor. There are instances where weak or venal labor leaders have become a part of the racket.

Even the ranks of the unemployed, in their struggle for the chance to make a bare livelihood, have not been free from the racketeers. Jobless men have been hired or coerced by them. Apple venders among the unemployed were among the victims. If one of them refused to pay the tribute demanded his stand was "accidentally" knocked down and the apples scattered over the street. When this happened several times he either paid tribute or surrendered his profitless trade.

### Relation to Bootlegging

Racketeering has operated widely, some claim chiefly, in the field of bootlegging. High tribute has been exacted from a trade whose illicit nature removes it from legal protection. Rival bootleg rings, contesting for exclusive fields of operation, have resorted to gang organization, bombings and murders on a large scale in the city of Chicago. The certainty of the repeal of prohibition has raised the question as to what forms of lawlessness these professional parasites and organized gangsters will turn. Many predict an alarming spread of predatory lawlessness. Others claim that removing the lucrative trade of bootlegging and its racketeer gangs will so greatly curtail their activities as to aid law enforcement tremendously. Still others assert that the incentive and opportunity furnished by the high tax on liquor, and its consequent high price after repeal, will be promptly capitalized and that bootlegging and its racketeering partners will continue. It will be easy to undersell the highly taxed regular trade. Still easier money awaits the racketeer, they claim. He will establish his own code, under which he agrees not to allow bootlegging in the territory of certain licensed dealers and to put their competitors out of business, in return for which they agree to pay a commission on all their profits.

Anti-prohibitionists reiterate the charge that prohibition is the major cause of lawlessness in recent years. They are answered by the claim that lawlessness is merely an ugly symptom of a disease that pervades American business and lies deep in the American spirit. "In one form or another," says a prominent industrialist, "the business game is a racket. This is true despite the high ideals of many business men. It is made so by the profits it offers and the security it grants as a result of practices created by cut-throat competition."

### The Spirit Behind the Racket

Whether this be true or not, the spirit of taking a chance, of seeking a short cut to success, of getting the better of the other fellow, of beating the law and "getting away with it," is not confined to members of the underworld. They have no monopoly on the game of gambling in a country where states are in legalized partnership with organized gambling, as in horse racing, and where the most prevalent national pastime consists in "taking a chance" in Wall Street with its racketeers regularly engaged in rigging the market. When the average American wishes to reach a certain point he is none too scrupulous about the law, whether on the high-

way in his machine or on the high road to financial gain or political power.

Respect for the law has never been recognized as a prevailing trait among Americans. There are those who go further and charge that racketeering is, at least partly, inspired by and patterned after practices that exist in the legitimate business world. They cite the story of how most big fortunes and many big careers were made in America. They point out that every practice of the modern racketeer is present in that record, from gambling in chance taking, defrauding the public, evading or defying the law and obstructing justice to corrupting legislation, controlling public officials and demanding unearned tribute, regardless of the social cost. Knowledge of these practices has become public property. It has compelled new legislation. It has also furnished an example for the

Chicago on October 3, in Detroit on October 5 and in New York later.

The hearings held by the sub-committee meeting in New York closed last week. Voluminous testimony from many sources was given. Witnesses included officers of the law, representatives of labor, business men, prosecuting attorneys and judges. One of the most outspoken and impressive was United States District Attorney George Medalie, who charged that underworld gangs were part of the machine established to secure or maintain political control. As long as the existing politician control of municipalities continues, he contended, so long will racketeering continue. He cited specifically the patronage abuse through the padding of payrolls with unfit or superfluous employees and the taking of "rake-offs" in city contracts awarded to political leaders with business connections.



SHOWING THEM UP

—Kirby in N. Y. WORLD-TELEGRAM

imitative, a challenge to the daring and a provocation to the unfavored and rebellious in the so-called lower strata of society. When many of these practices still exist and most of their perpetrators not only escape punishment but retain wealth, power and social prestige, the effect is wrought into the psychology of the masses. At least in part—perhaps in large part—this psychology, plus handicapped inheritance and unequal conditions of life, has helped to produce the anti-social deeds that have so shocked the public and aroused the federal government to vigorous action.

### Relation of Politics to Racketeering

Knowledge of this background and setting for the present stage of racketeering is essential to a fair understanding of the problem. It is still more necessary for a solution that will reach to its roots. Those roots go deeper and reach further than the surface soil of one section of society. They are embedded in the body politic. Startling proof of this fact is found in the testimony and evidence presented recently to a committee of the United States Senate. This committee was appointed long before General Johnson issued his public warning. It was directed to investigate organized racketeering. Sub-committees of this committee have been holding their investigations throughout the summer. The full committee will conduct hearings in

Another witness was Judge Frederick Kernochan, chief justice of special sessions and personal friend of President Roosevelt. When asked why gangs exist he answered:

Gangs exist because they have some usefulness connected with district political leaders. . . . Their special work was performed on primary and election days and that is how they get protection. I know many of them contribute to political parties—the party they think is going to win. Their "pulls" give those outlaws a position of security they should not have. . . . They would be given a tremendous blow if somehow the protection of district leaders could be taken from them.

A recent writer in the New York *Herald-Tribune* makes the following vigorous comment:

Tammany is going to prove that New York . . . is firmly in the grip of such a dictatorship of the unfit as insures the racketeer a permanent sanctuary. . . . They belong to racial groups that are simply bewildered, as Al Capone once confessed that he was, by the Anglo-Saxon legal system which gives the enemy of society the benefit of so many doubts. With the help of smart high-priced lawyers and political "fixers," who pilot them safely through the loopholes in the system, they have advanced from bewilderment to contempt.

"It may be a hard pill for the American people to swallow," says a recent editorial in the *Herald-Tribune*, "but it is better that they should understand at once their responsibility for the racket menace as a

whole. . . . Political apathy permits the enthronement of local chieftains whose stock in trade is their lack of scruple. . . . No improvement of legal machinery will solve the problem unless coincidentally the voter decides that he will have no truck with politicians who sell him out to the underworld."

### Combating the Evil

What are the immediate and the more permanent means of combating the racket evil? The National Industrial Recovery Act itself, it is claimed, will go far toward diminishing, if not abolishing, organized racketeering in trade and industry. It will do this by removing the conditions of competitive strife and anarchy on which it thrives. For these it will substitute uniform practices, fixed codes and strict government supervision. This will serve to diminish the opportunity to capitalize the rivalry, cupidity and fear engendered by the competitive struggle for security and profits. It will also tend to eliminate the need for special "protection" from the undue power or unfair practices of competitors. It is not claimed that these results will be either automatic or immediate. The racketeer's profession will not vanish overnight. It is too strongly organized for that. Its ramifications are too far-reaching. Its master minds are too shrewd and too well trained in the art of adaptation to new conditions.

### Suggested Remedies

A thorough study of the problem as a whole will show that its ultimate solution requires a program of thoroughgoing reform no less than of immediate treatment. That program will include the following provisions, among others:

1. New legislation directed specifically against certain practices of the racketeer not covered by existing laws.
2. Reform of court procedure and removal of legal loopholes toward the end of obtaining speedy trials and certain conviction. Certainty of punishment is a stronger deterrent of crime than severity of penalty.
3. More effective and impartial enforcement of the law, from the Department of Justice to the local police. This will demand higher standards in the selection of policemen, more adequate pay, less political control and removal of the example of flouting the law and "fixing" its officials by the "upper classes."
4. New standards of social conduct and business practices.
5. A more equal chance in life for the unprivileged. At a Senate committee hearing last year, the president of a great railroad system was asked what he would do if he were unemployed and his family were facing starvation. He replied that if there were no other recourse he would steal. Society must always pay the cost of crime-breeding social conditions.
6. Reform in the prison system and prison conditions. A large proportion of first offenders become embittered rebels or hardened criminals while serving prison sentences.
7. Removal of the alliance between political bosses, public contracts and gangsters.
8. A deepening of the sense of personal responsibility for political inefficiency and misrule and its more effective expression at the ballot box and by civic services that promote the public good.
9. Extension of education in civic affairs, public issues, and political and industrial problems.

### A COLLEGE IN EXILE

According to plans recently completed by Dr. Alvin Johnson, director of the New School for Social Research in New York City, a "University in Exile" will be opened in New York in October. The faculty will be made up of fourteen German professors who have been forced into exile by policies of the Hitler government. The courses to be given will cover the political and social fields. Dr. Johnson reports that efforts will be made later to expand the activities of the "University in Exile" in order to bring more German exiles to this country.



# Behind the Scenes in the Nation's Capital

Three Secretaries, "Louie" Howe, "Mac" McIntyre and "Steve" Early Aid President Roosevelt During Hectic Days. White House Quieter with Executive in Hyde Park but Other Departments Feverish with Activity

By Observer

Now that President Roosevelt and his White House assistants, including secretariat, special newspaper correspondents, stenographers and confidential aides, are vacationing at Hyde Park, Washington realizes what a gay and busy place the executive offices have been since the New Deal began away back March 4. In the silence that has settled over the executive mansion and work-rooms, the whirring of the new economic machine may be heard louder than ever.

## A Different White House

General Hugh S. Johnson no longer skips in and out several times a day, carrying an N. R. A. code in each hand, but an N. R. A. blue eagle is attached to the window of the press room. In an inner room, in stately loneliness, sits Chief Secretary Louis Howe still watching over the affairs of the Civilian Conservation Corps, another development that came with incredible swiftness once the president decided to send 500,000 boys into the woods. Boyish, young Secretary of Agriculture Henry A. Wallace no longer makes daily visits, for the cotton acreage reduction program is in effect, and last week heralded the serious attempt to get growers of wheat to cut down.



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LOUIS McHENRY  
HOWE

All these emergency measures now seem to be on their way toward consummation, and the White House is quiet and empty. Washington recalls, too, what a happy center the place has been since March 4. President Roosevelt laughs easily, falls into story-telling mood at every opportunity, and sends his visitors away in good humor. Marvin H. McIntyre, the singing secretary, breaks into a ballad at the least provocation, and Stephen T. Early, though burdened down with the task of looking after the needs of the press, is always ready with a smile. Mr. Howe, though a quiet, retiring figure, has a rich vein of humor, and likes to exchange reminiscences of the twenty-three years he has been with President Roosevelt as aide and adviser.

It is one of the hardest-working but merriest secretariats in years. They are more like a happy family, as indeed they have been since all met up in the Navy Department when Mr. Roosevelt served as assistant secretary of that department under Woodrow Wilson. Mr. Howe was Mr. Roosevelt's secretary, while "Mac" and "Steve" covered the department for newspapers and press associations. Veteran admirals admit that the four of them know as much about navy personnel and problems as some of the oldest seadogs in the service.

## Louie, Mac and Steve

All three served actively in Mr. Roosevelt's campaign when he ran for vice-president in the disastrous 1920 battle. At its close the future president called them in and presented each one with a set of cuff links containing three metal knots. He said to them quietly: "This means that we will work together again some day." They teamed up once more for last fall's contest, but there was no word of Mr. Roosevelt's plans until shortly before inauguration. Then he called them in again and reminded them of the cuff links and his promise of more than a decade ago. So here they are again.

Mr. Howe is short and dark, and walks around with tiptoe quietness. He is so close to the president that he lives at the White House. He was a correspondent for a New York newspaper at Albany when Mr. Roosevelt first showed up there as a freshman member of the legislature. Mr. Roosevelt immediately plunged into a battle with the reigning bosses, and soon felt the need of an astute and experienced adviser at his elbow. He persuaded "Louie," as the president calls him, to quit writing about politics for making it, and they have been almost inseparable. Mr. Howe was with him all during his long illness, reading to him and helping to nurse him back to health. They are, in a way, the Damon and Pythias of American politics.

Mr. Early is a descendant of Jubal Early, the Confederate veteran whose 12,000 raiders almost captured the capital in the closing days of the Civil War. In fact, a Grand Army of the Republic veteran recently wrote in to tell the president that he was all for the New Deal, but felt some qualms at the fact that the descendant of a Confederate soldier was sitting beneath the roof of the White House.

Mr. Early's pert comment was that he was glad his ancestor did not succeed in his military venture, for if he had, there "might have been no White House for me to work in."

Mr. McIntyre is perhaps best known to the public and politicians who visit the executive offices. His office is just outside the president's door, and it is "Mac" who arranges appointments, ushers in the visitors and calls out "Next." Moreover, he is the master of ceremonies of the secretariat, and goes on trips and gets in the pictures more often than do "Steve" and "Louie." He became famous when he formed and trained a White House quartet consisting of himself and three correspondents. They sang on the radio, though not with any too great success, and every so often Mr. Roosevelt has them in to dinner, always asking for a song before the evening breaks up.

## Hectic Days for N. R. A.

Though the White House may be quiet and empty, this does not apply to the rest of Washington. Although midsummer is

an off-season, and official centers are usually deserted, the N. R. A. has changed all that. So many industrialists, business men, lawyers and lobbyists crowd the city that every hotel is filled, rents are jumping up and taxis are hard to get at certain hours of the day. Every hotel lobby looks as if it were the headquarters for a convention mob. Excited men stand about arguing complicated details about codes, consulting their lawyers and scribbling telegrams to the big bosses back at the plant. There is clamor, motion and excitement everywhere.



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MARVIN H.  
MCINTYRE

General Johnson's outfit is sprawled everywhere. Almost every sizable hotel ballroom, congressional chamber and departmental hall had to be commandeered for hearings on the various codes. He starts out in the morning and covers miles before the day is out, as he tries to look in on each meeting for a while. Driving from one place to another, he takes his secretary, the active, hard-working Amy Robinson, with him, and dictates to her on the fly. He is the closest thing to perpetual motion the capital has seen in years. By comparison, the dynamic, picturesque Charles G. Dawes was quiet and restrained.

## Wallace Organizes

Although the Department of Agriculture is engaged in half a dozen novel and major experiments designed to restore the balance between production and consumption of basic crops, Secretary Wallace has achieved order out of what was once the same sort of chaos that the N. R. A. has been of recent weeks. Southern farmers are plowing up their cotton down in Dixie, and the campaign to line up the wheat growers and producers of hogs has begun in a big way. Milk producers have already started to challenge the constitutionality of the agricultural act, and everywhere there are signs that the New Deal is going somewhere.

Within a few days one of the most interesting and attractive experiments will be under way—namely, the effort to decentralize industry, to persuade it to move into rural sections where land is cheaper and where the workers can live in a more healthy atmosphere than the tenement districts and the smoky slums of great municipal hives. Upon its success may depend

whether there will come a New Deal in living standards both for the farmer and the workingman.

## M. L. Wilson on the Job

M. L. Wilson, who has had charge of the wheat reduction program, is to be shifted to this new work, and it is his life's dream to make a go of it. For years he has been demanding that the cities be loosened up, and that the worker and his families be given a chance to live in more comfort. He hopes that eventually the laborer will have a plot of ground and a tidy home near the factory, where the additional leisure hours that may result from the operation of the National Recovery Administration may be spent in happy, dignified, enjoyable pursuits.

The administration has allocated \$25,000,000 from the relief funds for this project. It will be loaned out for the purchase and development of sites where large factories may settle advantageously, and for obtaining land upon which the worker may build. Though it may not match in money or significance some of the other plans of an experimenting administration, this scheme to embellish and possibly ennoble the lives of industrial toilers warms the imagination.

If anybody can do it, it is probable that "M. L." can. A farm boy, he believes that such a life, when combined with a good pay envelope each Saturday night, will mean a great deal to the nation's future. He grows eloquent in discussing the project, and spends most of his waking hours upon it. For him increased prices for the farmers' crops is only a means to an end, and the other end is a beautiful little spot in the country for every man who toils.



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EARLY

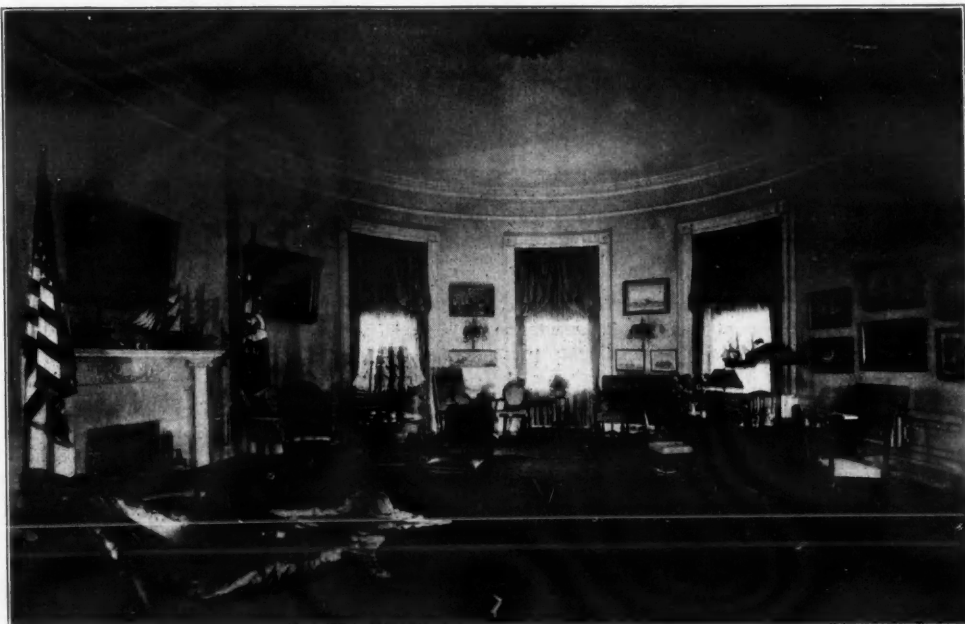
## WORLD ZIONIST CONGRESS

The eighteenth World Zionist Congress opened in Prague last week. Ordinarily congresses of this nature attract little attention but this year world attention was focused on the deliberations of the Jewish leaders in the Czech capital because of the situation of Jews in Germany. It was expected that the congress would take action looking to the removal of 250,000

German Jews from the Reich because of the opposition of the Hitler government to the Jews. Just as the congress convened a report was published that Germany had approved an agreement which would permit German Jews going back to Palestine to take goods valued at nearly \$1,000,000 with them. The agreement also provided for a trustee corporation to look after the liquidation of Jewish property in Germany.

## JEWISH CHILDREN IN GERMANY

On the eve of the Prague conference, American Jews took steps to help Jewish children residing in Germany. At a meeting of the American Jewish Congress, held in New York on August 20, a resolution was adopted calling upon American Jews to bring 20,000 German Jewish children into their homes. The congress also adopted a resolution calling for a complete boycott of German goods and of American merchants doing business with Germany.



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THE PRESIDENT'S STUDY—SCENE OF INTIMATE WHITE HOUSE CONFERENCES